

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Examine the
Commission's Future Energy Efficiency Policies,
Administration and Programs.

Rulemaking 01-08-028
(Filed August 23, 2001)

**ADMINISTRATIVE LAW JUDGE'S RULING
ON THE AUGUST 17, 2005 MOTION OF SAN DIEGO GAS &
ELECTRIC COMPANY FOR AUTHORIZATION TO SHIFT FUNDS**

On August 17, 2005, San Diego Gas & Electric Company (SDG&E) filed a motion seeking to shift \$2.3 million from the under-subscribed Statewide Non-Residential Express Efficiency program to a different program category, Statewide residential programs, as follows: 1) \$1.6 million to the public goods charge (PCG)-funded Statewide Single Family Rebate program, and 2) \$0.700 million to the Residential Appliance Recycling program.

According to SDG&E, the amount that it would shift from the Express Efficiency budget represents 34% of the funds allocated for that program. Pursuant to Decision (D.) 03-12-060 (page 34), "If a utility can demonstrate that it must shift more than 25% of funds between programs in order to pursue cost effective programs or if a utility determines that the public interest would be best served by shifting funds from a program in one of five categories to a program in another category and given the utility request is consistent with the purposes of applicable statutes and this decision, it may seek additional authority by way of Motion to the assigned ALJ (administrative law judge)." Thus, it appears that I am authorized to consider and rule on such a request.

In its motion, SDG&E sought expedited approval of this request. By e-mail ruling dated August 17, 2005, I shortened the time for response to the motion, setting a deadline of August 26, 2005. The only comment came in the form of a letter from Terry Singer, on behalf of the National Association of Energy Service Companies (NAESCO), which I will discuss below.

SDG&E's program year 2004-2005 budget for the Express Efficiency program is \$7,131,609. SDG&E reports that it had spent or committed only 37% of the Direct Implementation incentive budget as of August 17, 2005. The company argues that the program is experiencing a lower-than-anticipated participation level due to the rebate level of \$0.05 per kWh, which is insufficient to offset the customers' upfront capital costs of replacing existing equipment that is still functional.

SDG&E states that it has made several attempts to increase customer participation in the Statewide Non-Residential Express Energy program, including the following:

- Request approval to increase incentive levels¹
- Direct mail piece to Industry Specific Markets
- Seminars on Express Efficiency
- Contractor Outreach
- Feet on the Street Campaign & use of Mobile Clinics
- Outreach to Community Based Organizations
- Innovative public demonstrations using Energy Efficient Equipment
- Utilizing a trade ally to facilitate new contractor participation

¹ A request made of the Energy Division staff on February 28, 2005, request still pending.

Although it found that these efforts have led to increased participation, SDG&E does not expect to exhaust the remaining program funding in 2005. By contrast, the PGC-funded Statewide Single Family Rebate program is quite successful. SDG&E reports that with an approved budget of \$5.050 million, it has committed and/or paid 100% of the total budget during the second quarter, achieving over 100% of the anticipated savings, through a combination of over 100% of electric savings goal, and 87% of the natural gas goal. The company argues that shifting \$1.6 million to the Statewide Single Family Rebate program will allow SDG&E to keep this program open through the end of September 2005, thereby helping SDG&E's energy-efficiency efforts through the critical summer months.

Similarly, SDG&E says that the Appliance Recycling program will exceed Commission-approved goals and all of the currently-authorized funds will be gone by the end of October.

NAESCO supports shifting funds from the Express Efficiency program to more productive efforts and has no objection to the specific proposal contained in the motion. However, NAESCO urges that prior to allowing the company to make future fund shifts, the Commission encourage or require SDG&E to propose a new or modified program that it feels would make better use of the funds. This is a constructive suggestion, but one that may not always be feasible when the company is trying to re-deploy funds at a time such as this, near the end of a funding cycle. I will refer this suggestion to the Commission for consideration in subsequent funding cycles, but I am not empowered to adopt a proposal such as this through an ALJ ruling.

I have reviewed the motion and consulted with Energy Division staff, and hereby grant the company's request. There will be time to debate the reasons for

the slow-than-hoped progress of the Express Efficiency program. However, it is critically important to move quickly to utilize funds this summer in order to maximize savings. There is a need to inject more funds into other proven programs, and I will allow SDG&E to do so.

IT IS SO RULED.

Dated September 9, 2005, at San Francisco, California.

/s/ STEVEN WEISSMAN

Steven Weissman
Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by mail, and by electronic mail to the parties for whom an electronic mail address has been provided, this day served a true copy of the original attached Administrative Law Judge's Ruling On The August 17, 2005 Motion Of San Diego Gas & Electric Company For Authorization To Shift Funds on all parties of record in this proceeding or their attorneys of record.

Dated September 9, 2005, at San Francisco, California.

/s/ ERLINDA PULMANO

Erlinda Pulmano

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.